ATA
Driving Trucking's Success

American Trucking Associations
410 First Street, SE, 3rd Floor, Washington, DC 20003

October 21, 2009

The Honorable Kay Bailey Hutchison
SR-284 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Christopher Bond
SR-274 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Hutchison and Senator Bond:

I am writing on behalf of the American Trucking Associations (ATA) to express concern with the impact of cap and trade legislation on our industry as a means of addressing greenhouse gas emissions. While ATA strongly supports efforts to reduce greenhouse gas emissions and make this country more energy independent, the proposed cap and trade system simply will increase the cost of the diesel fuel that the trucking industry depends upon, while failing to reduce carbon emissions from this vital economic sector.

The trucking industry is the driving force behind the nation's economy. Eighty percent of the nation's freight bill is transported by truck. Trucks depend upon diesel fuel to haul nearly every consumer good – food, clothing, medicine, appliances – at some point in the supply chain. As the trucking industry's costs increase, the price of all of these essential products also must rise.

Over the past two years, ATA has proposed several initiatives that would have a measurable and immediate impact on reducing greenhouse gas emissions. For example, ATA supports enacting a nationwide 65 mph speed limit and providing incentives to facilitate the use of anti-idling equipment to reduce carbon emissions from our industry. Reducing speed limits to 65 mph would save 2.8 billion gallons of diesel fuel, 8.7 billion gallons of gasoline and reduce CO2 emissions by more than 115 million tons over 10 years. Minimizing truck idling has the potential to reduce CO2 emissions by an additional 61.1 million tons.

The reason that the proposed cap and trade legislation will not reduce carbon emissions in the trucking industry is rooted in one simple fact – trucking is not a discretionary consumer of fuel. Proponents of an economy-wide cap and trade system believe that by increasing the price of fuel, fuel users will either purchase more fuel efficient vehicles or convert to alternative-fueled vehicles. These options are not currently available to the trucking industry in any meaningful manner. The trucking industry consumes approximately 39 billion gallons of diesel fuel to deliver virtually all of the nation's consumer goods. This will continue to be the case for the foreseeable future, even if the price of diesel fuel is dramatically increased by cap and trade, as the over-the-road trucks do not currently have any realistic alternatives to the diesel engine. For this reason, simply increasing the price of diesel fuel will not result in any significant carbon reductions from the trucking industry.

While carbon emissions from the trucking industry would continue under a cap and trade system, the ensuing diesel fuel price increase will take its toll on the industry. Cap and trade will not only increase the price of diesel fuel, it also will increase the volatility of diesel prices, as a fluctuating carbon price is added to an already volatile fuel price, making it very difficult for companies to accurately predict their future expenses as they sign freight delivery contracts. With the downturn in the economy and soft demand for freight transportation services, trucking companies are struggling to survive. Any substantial fuel cost increase imposed directly or indirectly on the industry will negatively impact the delivery of vital consumer goods throughout the nation and hurt the economic wellbeing of working families and small businesses.

Accordingly, after careful review of the proposed cap and trade provisions, we do not believe that this method of controlling carbon emissions from the trucking industry is a viable solution. We hope that as climate change legislation moves forward we can work together on solutions that secure meaningful carbon reductions from the trucking industry, while safeguarding the financial well being of the industry that delivers America.

Sincerely,

Timothy P. Lynch

Timothy P. Lynch
Senior Vice President

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The Honorable Kay Bailey Hutchison
U.S. Senate
284 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Christopher Bond
U.S. Senate
274 Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Hutchison and Bond:

Cap and trade bills that have passed the House (H.R. 2454) and are currently pending in the Senate (S.1733) will have cost impacts on virtually every segment of our economy and our society. While economic analyses might differ on the degree of impact, they all conclude that there will be increased costs for everyone.

The analyses thus far have focused on the impacts of the legislation on energy costs. A sector that has received much less attention but which still touches the lives of nearly every American is the transportation sector. The report that you assembled looks at these impacts and describes how increased fuel costs will adversely affect people from all walks of life.

Agricultural producers will be particularly hard hit by higher fuel costs. Not only do producers travel by automobile and air, but fuel costs are an important component of their operations. Producers use diesel for their tractors and farm machinery, and gasoline for operating trucks and transporting their goods to market. Impacts on fuel costs are an important part of the overall bottom line.

We thank you for describing the increased fuel costs that farmers and ranchers will incur in a straightforward way, and in a manner that pulls together existing information. It contributes to a better understanding of the impacts that cap and trade legislation will have on farmers, ranchers and the economy in general.

We look forward to working with you on this critical issue as it is debated in the Senate.

Sincerely,

Bob Stallman
President

AMERICAN HIGHWAY USERS ALLIANCE

October 21, 2009

The Honorable Kay Bailey Hutchison
SR-284 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Kit Bond
SR-274 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators Hutchison and Bond:

H.R. 2454, the Waxman-Markey climate bill, is a long and complex piece of legislation that is difficult to read and understand. Four months after the bill passed the House of Representatives, many Americans still have no idea how it could affect them financially.

When it comes to understanding how Waxman-Markey affects fuel prices, the American motoring public has been in the dark for too long. That is why I strongly support your decision to analyze and report on the climate change bill's total impact on transportation fuel prices.

The results of your report are shocking: If Waxman-Markey is enacted, fuel users would pay **$3.6 trillion** in higher transportation costs, including $2 trillion extra for gasoline and $1.3 trillion extra for diesel. **None** of the funds raised from motorists would be spent on road improvements. All of the funds would be diverted.

Traditionally, federal excise taxes on gasoline and diesel are set as a "user fee" for motorists. The revenue generated from the gas tax is deposited into the Highway Trust Fund so that it can be invested in transportation projects that are intended to benefit those paying the tax. Highway users have supported these user fees and even supported raising them when needed to pay for safer, more efficient roads. But the hidden tax on America's motorists contained in the Waxman-Markey bill is not a user fee. In effect, this bill is a diversion of the largest tax increase on motorists in American history. As fuel prices rise and motorists are hurt, this tax would sharply erode public support for all fuel taxes, even those "user fees" that directly benefit motorists and businesses.

As the advocacy organization for America's motorists, commercial drivers, and highway-oriented businesses, the American Highway Users Alliance opposes the Waxman-Markey bill and applauds your report. But we are not opposed to all potential cap-and-trade bills and climate bills. In Europe, for example, fuels are not subject to cap-and-trade. Excluding fuels from the cap would be a step in the right direction.

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As the Senate considers climate legislation, we encourage a full disclosure on the costs to fuel users. At this point the Senate bill is incomplete and we have not taken a position on it. We encourage Senators to work together to ensure that the problems of Waxman-Markey are not repeated by the Senate.

Thank you again for your important research and leadership on this issue. I hope your study will add an important dimension to the debate over climate change legislation. Please do not hesitate to contact me if my organization can be helpful on this issue in the future.

Sincerely,

Gregory M. Cohen

Gregory M. Cohen
President and CEO

October 20, 2009

Senator Kay Bailey Hutchison
284 Russell Senate Office Building
Washington, DC 20510

Senator Kit Bond
274 Russell Senate Office Building
Washington, DC 20510

Dear Senators Hutchison and Bond:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, thank you for focusing on the impact of cap and trade legislation on gas and diesel prices.

According to a 2008 NFIB publication on *Small Business Problems and Priorities*, small businesses consider the cost of natural gas, propane, gasoline, diesel, and fuel oil as the second most pressing problem. Small businesses use energy for a variety of reasons including turning on their lights, operating equipment and heavy machinery, delivering their goods with vehicles, and even as consumers at their family residence.

A 2006 NFIB poll on *Energy Consumption* showed that energy costs are one of the top three business expenses in 35 percent of all small businesses, and the primary energy cost for 38 percent of small businesses is operating vehicles. If energy costs increase, small businesses may be forced to decrease worker hours, eliminate jobs, suspend services, or even raise prices on their customers. Any substantial increase in energy costs will even force some small businesses to close their doors.

NFIB strongly supports the independent actions of all businesses to become more energy efficient. For instance, the 2006 NFIB poll on *Energy Consumption* shows that over the past three years, more than 43 percent of America's small business owners have taken steps to reduce the amount of energy their businesses consume. Our members believe that the free market is best suited to develop new energy efficient technologies and renewable sources of fuel, and our nation's job creators stand ready to do so without the heavy hand of government mandates.

NFIB appreciates the work you are doing to study the impact of mandates on the price of energy, and we look forward to working with you to find a national energy policy that does not raise energy prices on small businesses.

Sincerely,

Susan Eckerly

Susan Eckerly
Senior Vice President
Public Policy

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October 20, 2009

TO MEMBERS OF THE SENATE:

Let it be known that the National Black Chamber of Commerce, Inc. is very concerned about the prospect of rising prices in gas, diesel and jet fuel. Such a significant increase as noted by the recent report from some of our Senators will certainly put our economy into a further "free fall" and hurt the common American family, small business and put us all at a security risk.

The proposed energy bill from Senators Kerry and Boxer should be rejected. A new bill needs to be constructed. The new bill will take into account the future of our economy, the value of our technology and a better way to approach clean energy.

Sincerely,

Harry C. Alford